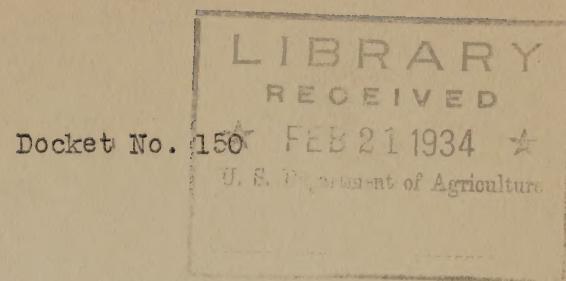


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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED

MARKETING AGREEMENT FOR MILK

Lexington, Kentucky, Sales Area

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This Marketing Agreement for Milk in Lexington, Ky. Area in its present form merely reflects the proposal of the above mentioned area, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this area.



PROPOSED MARKETING AGREEMENT FOR MILK

LEXINGTON, KENTUCKY, SALES AREA

The parties to this Agreement are the contracting distributors, the contracting producers, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended.

(1) to establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; the base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909 - July 1914; and

(2) to approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and

(3) to protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period August 1909 - July 1914; and

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the marketing and distribution of fluid milk in the Lexington Sales Area, and to effectuate the declared policy of the Act, desire to enter into a marketing agreement under the provisions of Section 8 (2) of the Act:

NOW THEREFORE, the parties hereto agree as follows:

I.

As used in this Agreement, the following words and phrases shall be defined as follows:

A. "Fluid milk" means milk, cream, or any product thereof, which is sold for consumption in the Lexington Sales Area.

B. "Producer" means any person, irrespective of whether any such person is also a distributor, who produces milk sold for consumption as fluid milk in the Lexington Sales Area.

C. "Distributor" means any of the following persons engaged in the business of distributing, marketing or in any manner handling fluid milk in whole or in part, in fluid form, for consumption in the Lexington Sales Area.

1. Persons, irrespective of whether any such person is also a producer.
  - (a) who pasteurize or bottle fluid milk or process milk into fluid milk;
  - (b) who distribute fluid milk at wholesale or retail (1) to hotels, restaurants, stores, or other establishments for consumption on the premises, (2) to stores or other establishments for resale, or (3) to consumers;
  - (c) who operate stores or other establishments for the sale of fluid milk at retail for consumption off the premises.

2. Persons, wherever located or operating whether within or without the Lexington Sales Area, who purchase, market or handle milk for resale as fluid milk.

D. "Lexington Sales Area" means the city of Lexington, Kentucky, and the counties of Fayette and Perry, Kentucky.

E. "Secretary" means the Secretary of Agriculture of the United States.

F. "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.

G. "Person" means individual, partnership, corporation, association, or any other business unit.

H. "Subsidiary" means any person, of, or over whom or which, a distributor or an affiliate of a distributor has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

I. "Affiliate" means any person and/or any subsidiary thereof who has, either directly or indirectly, actual or legal control of or over a

distributor, whether by stock ownership or in any other manner.

J. "Books and records" means books, records, accounts, contracts, memoranda, documents, papers, correspondence, or other data, pertaining to the business of the person in question.

K. "Market Administrator" means the person designated pursuant to, and whose powers are as set forth in, Exhibit A.

## II.

1. The schedule governing the prices, at which and the terms and conditions under which milk shall be purchased by distributors for distribution as fluid milk, shall be that set forth in Exhibit A, which is attached hereto and made a part hereof,

2. The distributors of fluid milk shall purchase milk only of (2) those producers having a base, and (b) newproducers, pursuant to the provisions of Exhibit B hereof, and (c) as further provided in Exhibit B hereof, which is attached hereto and made a part hereof. The bases to be given to producers shall be the amount reported to distributors as being in conformity with the plan governing the marketing of milk set forth in Exhibit B.

3. Distributors shall not purchase milk from any producer unless such producer authorized the purchasing distributor, with respect to payments for milk purchased from such producer, to comply with the provisions of Exhibit A.

4. The schedule governing the minimum prices at which, and the terms and conditions under which, fluid milk shall be distributed and sold by distributors shall be that set forth in Exhibit C, which is attached hereto and made a part hereof.

5. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information on and in accordance with forms and reports to be supplied by him for the purpose of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this Agreement are being effectuated; such report to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms and reports, all the books and records of each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall during the usual

hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination, shall be final and conclusive.

(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

6. No distributor shall purchase fluid milk from, or process or distribute fluid milk for, or sell fluid milk to, any other distributor who to the knowledge of the first distributor is violating any provision of this Agreement, without first reporting such violation to the Market Administrator.

7. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the provisions contained in this Agreement to be performed by the Secretary.

8. Every distributor shall within 15 days after the effective date of this Agreement furnish to the Market Administrator a bond with surety satisfactory to the Market Administrator, or such other adequate security as may be satisfactory to the Market Administrator, for the purposes of securing the fulfillment of such distributor's obligations under the terms of this Agreement. The Market Administrator may, in his own discretion, or upon good cause shown by any distributor, waive such requirement as to any distributor, subject to such terms and conditions as the Market Administrator may prescribe, but such distributor may, at any subsequent time, be required by the Market Administrator to comply with the foregoing requirement.

9. If any provision in this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement and/or the applicability thereof to any other person, circumstance or thing, shall not be affected thereby.

10. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

11. This Agreement shall take effect as to every distributor at the time and upon the date set forth herein above the signature of the Secretary, and shall continue in force until terminated in one of the following ways:

(a) The Secretary may at any time terminate this Agreement as

to all parties hereto, by giving at least one day's notice by means of a press release or in any other manner which the Secretary may determine.

(b) The Secretary may at any time terminate this Agreement as to any party signatory hereto, by giving at least one day's notice, by depositing the same in the mail addressed to such party at his last known address.

(c) This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

12. An exemption from the antitrust laws, and/or any validation of any acts or things which would otherwise have been unlawful, which may result from the execution of this Agreement by the Secretary, shall not extend or be construed to extend further than is absolutely necessary for the purpose of carrying out the provisions of this Agreement.

13. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

14. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

15. After this Agreement first takes effect, any producer or any distributor may become a party to this Agreement, if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges and immunities conferred by this Agreement shall then be effective as to such new contracting party.

16. The contracting distributors hereby apply for and consent to licensing by the Secretary. Such License shall be in accordance with applicable regulations heretofore and hereafter prescribed by the Secretary and approved by the President and shall be subject to the rights and powers of the Secretary from time to time to modify or amend any License issued pursuant to the foregoing.

IN WITNESS WHEREOF the contracting producers and the contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations therein contained, and not otherwise, have hereunto set their respective hands and seals.

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WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power - - - - (2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful; Provided, That no such agreement shall remain in force after the termination of this Act.

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the contracting producers are engaged in the marketing of milk and that the contracting distributors are engaged in the handling of fluid milk in the current of interstate commerce; and (2) that the conditions existing in the marketing of milk and the distribution of fluid milk in intrastate commerce burden the marketing of milk and the distribution of fluid milk in intrastate commerce; and (3) that the marketing of milk and the distribution of fluid milk in intrastate commerce is inextricably intermingled with the marketing of milk and the distribution of fluid milk in interstate commerce; and

WHEREAS, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth;

NOW THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, and pursuant to the provisions hereof, declare this Agreement to be effective on and after \_\_\_\_\_ M. Eastern Standard Time, \_\_\_\_\_.

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Secretary of Agriculture

EXHIBIT A

PRICES TO BE PAID PRODUCERS

SECTION A. Cost of Milk to Distributors.

1. Each distributor shall be obligated to pay the following prices f.o.b. platforms at distributors' plants for milk of 4.5 per cent butterfat content:

Class I - \$2.30 Per hundredweight

Class II - \$1.50 Per hundredweight

Class III - for each hundredweight of milk, 4-1/2 times the average price per pound of 92 score butter at wholesale in the Chicago Market as reported by the United States Department of Agriculture, for the calendar month during which milk is purchased, plus 20 per cent of such resulting figure, plus 15 cents.

Class IV - for each hundredweight of milk, 4-1/2 times the average price per pound of 92 score butter at wholesale in the Chicago Market as reported by the United States Department of Agriculture, for the calendar month during which milk is purchased, plus 15 cents.

2. Class I milk means all milk sold by distributors as whole milk and/or flavored milk for consumption in the Lexington Sales Area.

Class II milk means all milk used by distributors to produce cream for sale by distributors as cream for consumption in the Lexington Sales Area, and all whole milk used to produce buttermilk.

Class III milk means all milk used by distributors to produce cream sold, stored or used for the manufacture of ice cream and/or ice cream mix, and starter milk used to produce butter.

Class IV milk, or surplus milk, means the quantity of milk purchased, sold or used by distributors in excess of Class I, Class II and Class III milk.

Milk or cream sold by one distributor to another distributor shall be accounted for by the seller in accordance with its ultimate use and classification.

3. The established base for each producer shall be that quantity of milk allotted to such producer in accordance with the provisions of Exhibit B hereof.

The delivered base for any producer shall be that quantity of milk delivered by such producer to any distributor, not in excess of the established base of such producer. The delivered base for each producer-distributor required to report pursuant to paragraph 4 (b) shall be that quantity of milk produced by such producer-distributor and sold or used by him as Class I, Class II, Class III and Class IV milk which is not in excess of the established base of such producer-distributor.

The term "delivery period" shall mean the period from the 1st to the 15th day of each month, or the period from the 16th day, to and including the last day of each month.

4. (a) On or before the 5th day of each delivery period, each distributor shall report to the Market Administrator (with respect to the preceding delivery period) in a manner prescribed by the Market Administrator (1) the names and actual deliveries of producers supplying him, indicating the total quantity of milk represented by delivered bases and the total quantity represented by the excess over delivered bases; (2) the actual deliveries made to him by other distributors, if any; (3) the quantities sold or used as Class I, Class II, Class III and Class IV, respectively; and (4) such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) Each producer-distributor who either (1) sells part of his production to distributors and distributes the remaining part of his production as fluid milk; or (2) purchases milk from other producers or distributors for distribution as fluid milk; or (3) whose delivery period sales of fluid milk produced on his own farm exceed the equivalent of 7,500 pounds of milk, shall be obligated to account to the Market Administrator for all his sales of milk at the prices indicated in paragraph 1 of this section, and each such producer-distributor shall submit reports to the Market Administrator on or before the 5th day of each delivery period; containing the same information as provided in subdivision (a) above, and all of the total amount of milk produced by such producer-distributor on his own farm and sold or used during such delivery period as either Class I, Class II, Class III or Class IV milk.

5. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value of the milk in each class of each and all distributors as reported in paragraph 4 in accordance with the prices set forth in paragraph 1 above, which computation shall not include purchases of milk by distributors from other distributors.
- (b) Compute the total amount by hundredweight of milk represented by all the delivered bases of all producers.
- (c) Compute the value of the milk sold or used by

distributors in excess of the total delivered bases of all producers by multiplying such excess amount of milk by the price provided in paragraph 1 for Class IV milk.

- (d) Compute the total value of milk represented by the total delivered bases by subtracting from the amount obtained in subdivision (a) above, the amount obtained in subdivision (c) above.
- (e) Compute the blended prices for the milk represented by the total delivered bases by dividing the amount obtained in subdivision (d) by the total delivered bases of all producers as determined in subdivision (b) above.

6. On or before the 10th day following the end of each delivery period, the Market Administrator shall notify all distributors who are obligated to submit reports pursuant to paragraph 4 of this section, of the blended price which all producers are to be paid for the milk delivered by such producers represented by their delivered bases.

7. Each distributor shall pay to all producers (except new producers during the 90-day period specified in Exhibit B) on or before the 15th day following the end of each delivery period for milk delivered by such producers during such delivery period subject to adjustments and deductions which are to be made pursuant to Section B and Section C, respectively, as follows:

- (a) At the blended price for the milk represented by the delivered base of each producer; and
- (b) At the Class IV price for any milk delivered by such producer in excess of his delivered base.

With respect to new producers, as defined in Exhibit B, distributors shall pay every such new producer on or before the 15th day following the end of each delivery period falling within the 90-day period specified in said Exhibit B for milk delivered by such new producer during such delivery period, on the basis of the prices specified in said Exhibit B, and shall account and pay over to the Market Administrator, the difference between such price and the value of such milk computed in accordance with paragraph 5 (a).

8. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited for the value of the milk (as reported in paragraph 4) of such distributor, during each delivery period, computed pursuant to paragraph 5 (a); and

(b) which shall be credited for the total value of all the milk (as reported in paragraph 4) of such distributor on the basis of the prices computed pursuant to paragraph 7. Such credit shall be made before giving effect to the adjustments to be made pursuant to Section B and the deductions to be made as provided in Section C.

Balances on adjustment accounts shall be settled with the Market Administrator or by the Market Administrator, as the case may be, simultaneously with making payments to producers. Any errors in computation of payments, or any discrepancies in reports of distributors shall be adjusted with respect to the following delivery period.

9. Whenever the Market Administrator has a balance on hand from any source, in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof, in an equitable manner, to all producers in the market, prorata, except new producers as defined in Exhibit B during the 90-day period specified in said Exhibit.

#### SECTION B. Adjustments in Balances to Producers.

All distributors shall make the following additional payments to, or be entitled to make the following deductions from, as the case may be, the price computed pursuant to paragraph 7, Section A:

If any producer has in any delivery period delivered to any distributor milk having an average butterfat content for such delivery period other than 4-1/2 per cent, such distributor shall pay to such producer a butterfat differential per hundredweight for each 1/10 of 1 per cent average butterfat content above 4-1/2 per cent, or shall be entitled to deduct from payments made to such producer a butterfat differential per hundredweight for each 1/10 of 1 per cent average butterfat content below 4-1/2 per cent, in accordance with the following table of differentials:

When 92 score Chicago Wholesale Butter Averages Between:	Premiums and Deductions per 1/10 of 1% shall be:
--	--

15 and 19.99 cents per pound	-	2¢
20 and 24.99 "	" "	2-1/2¢
25 and 29.99 "	" "	3¢
30 and 39.99 "	" "	3-1/2¢
35 and 39.99 "	" "	4¢
40 and 44.99 "	" "	4-1/2¢
45 and 49.99 "	" "	5¢

SECTION C. Deductions from Payments to Producers.

1. Each distributor shall deduct 6 cents per hundredweight from payments to be made by him pursuant to Section A in respect of all milk delivered to him by producers, and shall pay the amount of such deduction to the Market Administrator, simultaneously with making payment to producers for milk purchased.

2. Each producer-distributor required to report as provided in paragraph 4 (b) of Section A shall pay to the Market Administrator, in addition to any payments to be made, pursuant to the preceding paragraph 1, one cent per hundredweight in respect to all his milk not purchased from other producers which was sold or used as Class I, Class II, Class III or Class IV milk, which payment shall be made on or before the 15th day following the end of each delivery period.

3. The Market Administrator, at his discretion, may at any time waive the payment of the foregoing deductions or any part thereof for any delivery period (in which event such deductions so waived shall not be made by distributors); provided, however, that any such waiver of the deductions, whether in whole or in part, for any delivery period, must be applicable in proportion to all foregoing deductions.

4. The Market Administrator shall maintain a separate account for the payments made to him pursuant to this section. The Market Administrator shall apportion such moneys in the following manner:

- (a) One (1) cent per hundredweight shall be retained by the Market Administrator to meet his cost of operation; provided, however, that any such funds which may remain over from such deduction in excess of cost of operation of the Market Administrator for any particular delivery period shall be used by him for his cost of operation for the succeeding delivery period, and to the extent that it may be practical, the Market Administrator shall waive a portion of the deduction pursuant to paragraph 3 of this section;
- (b) With respect to the deduction from amounts payable to producers who are members of the Lexington Graded Milk Producers Association, the remaining five (5) cents thereof shall be paid by the Market Administrator to said Association.
- (c) With respect to the deduction from amounts payable to producers who are not members of said Association, the remaining five (5) cents thereof shall be retained by the Market Administrator in a separate fund and expended for the purpose of securing for producers who are not members of said Association market information, supervision of weights and tests, advertising, educational, and other benefits similar to those received by the members; provided, however, that the Market Administrator may, in his discretion, employ the facilities and

services of the said Association and pay over such amount to the said Association for the purpose of securing to nonmembers the aforementioned benefits if such benefits to nonmembers may be more efficiently and economically secured thereby. The Market Administrator shall pay over such funds to said Association if he determines to do so only upon the consent of said Association (a) to keep its books and records in a manner satisfactory to the Market Administrator, (b) to permit the Market Administrator to examine its books and records and to furnish the Market Administrator such verified reports or other information that the Market Administrator from time to time may request, and (c) to disburse such funds in the manner above provided.

SECTION D. The Market Administrator - His Designation, Duties and Compensation.

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him in the Agreement. The Market Administrator so designated shall be subject to removal, at any time by the Secretary. The Market Administrator shall, before he enters upon his duties, execute and deliver to the Secretary his bond in such amount as the Secretary may determine with surety thereon satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled to (a) reasonable compensation which shall be determined by the Secretary, and (b) to incur such other expenses, including compensation for persons employed by the Market Administrator, as the Market Administrator may deem necessary for the proper conduct of his duties and the cost of securing and continuing his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this Agreement. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

SECTION E. Establishment of Milk Industry Board.

The Secretary may, in his discretion, at any time establish a Milk Industry Board, which shall have representation of producers, distributors and the public. The Milk Industry Board shall have such duties and powers as the Secretary may, from time to time, delegate to it in order to effectuate the provisions and purposes of this Agreement. The Secretary may,

further, in his discretion, authorize and direct the Market Administrator to pay over to the Milk Industry Board for the purpose of meeting its general expenses, a portion of the moncys deducted by the Market Administrator for his cost of operation, pursuant to Section D of this Exhibit, providing such portion shall in no event exceed one-fourth cent per hundred pounds of milk for which such payment is made.

EXHIBIT B

RULES FOR ESTABLISHMENT OF BASES

1. For the purposes of this Agreement the term "base" as used in respect to any producer, farm, or herd, as the case may be, shall be:-

- (a) In the case of members of Lexington Graded Milk Producers Association, the quantity of milk recorded as such base in the files of the Association; provided, however, that such bases shall be subject to review and adjustment by the Market Administrator.
- (b) In the case of producers who, prior to the effective date of this Agreement, were selling milk to a distributor for distribution as fluid milk within the Lexington Sales Area and are not members of the Association, a base shall be allotted by the Market Administrator, which base shall be equitable as compared with the bases established by the Association.
- (c) In the case of producers who, prior to the effective date of this Agreement, were not selling milk to a distributor for distribution as fluid milk within the Lexington Sales Area, a base shall be allotted by the Market Administrator, which base shall be equitable as compared with the bases already established. During the first 90 days that the milk of such producers is being sold within the Lexington Sales Area:
  - (1) the price to be paid to such producers for all of their delivered milk shall be the Class IV price unless no Class IV milk is purchased in the market, in which event said milk shall be paid for on a Class III basis unless no Class III milk is purchased in the market, in which event said milk shall be paid for on a Class II basis; and
  - (2) the purchase price for such milk shall be subject to the adjustments in Section B of Exhibit A;
  - (3) the purchase price for such milk shall be subject to the deductions in Section C of Exhibit A.
- (d) In case of producer-distributors required to report pursuant to paragraph 4 (b) of Section A, Exhibit A, a base shall be allotted by the Market Administrator, which base shall be equitable as compared with the bases established for other producers.

2. Every distributor shall, within ten days of the effective date of this Agreement, submit to the Market Administrator written reports, verified under oath, containing the following information: (1) with respect to each producer who has delivered milk to such distributor, and (2) for each calendar month or delivery period during the years of 1932 and 1933, or such portion thereof, as the producer may have delivered milk;

- (a) The total pounds of delivered milk;
- (b) The average percentage of butterfat in such delivered milk;
- (c) The total pounds of butterfat in such delivered milk.

3. Every producer-distributor required to report pursuant to paragraph 4 (b) of Section A of Exhibit A shall, in addition to the foregoing information, include in the report submitted by him, a statement with respect to each calendar month during the years 1932 and 1933, or such portion thereof, as such producer-distributor may have distributed milk produced by himself, indicating:

- (a) The total quantity of milk produced by him and sold by him as Class I, Class II, Class III and Class IV milk;
- (b) The average percentage of butterfat in such milk; and
- (c) The total number of pounds of butterfat in such milk.

4. When bases are established for producers, as hereinabove provided, the Market Administrator shall notify each distributor of the bases of the producers who are delivering milk to each such distributor.

5. A producer with a base who, as tenant, rents a farm, may retain his base; and if he rents a farm for cash, the farm having no base, he is limited to his individual base.

6. A landlord who rents on shares is entitled to the entire base to the exclusion of the tenant if the landlord owns the entire herd on such farm. If cattle are owned jointly, whether in a landlord and tenant relationship or otherwise, the base will be divided between the joint owners according to the ownership of the cattle.

7. The separate bases of any landlord and his tenant or tenants may be handled as a single base.

8. A producer with a base who sells his entire herd to one purchaser at one time may transfer the base to his purchaser, provided that the herd is maintained for six months consecutively after such sale and transfer on the first farm on which such herd shall have been established.

9. A producer who moves his herd may retain his base only if thereafter milk is produced by him on a farm (1) which has supplied milk for fluid milk in the Lexington Sales Area within one year preceding, or (2) which lies within a territory which has regularly been supplying milk as aforesaid.

10. Where a herd is dispersed for any reason without the base having been transferred with the herd, the producer must replace the herd within forty-five days if he is to retain his base.

11. Any producer may combine all bases to which he may be entitled hereunder (for example, a producer with a base who acquires another herd accompanied by a transfer of the base from the seller may combine the two bases).

12. Any producer who voluntarily ceases to market milk as fluid milk in the Lexington Sales Area for more than forty-five days shall lose his base; and in the event that he resumes production, he shall be treated, for the purposes of these rules, as if he were a new producer.

13. A producer whose average monthly production for any three consecutive months is less than 75 percent of the amount of his base, will thereby establish a new base equal to such average monthly production over such three-month period.

EXHIBIT C

Schedule of Unfair Trade Practices

1. For the purpose of effectuating the purposes of this Agreement and aiding in the enforcement of the provisions thereof, the sale of the following articles in the Lexington Sales Area by distributors at prices below the minimum prices hereinafter set forth is prohibited. Such minimum prices shall be as follows:

Milk - 4 per cent or more butterfat \*

	Retail cents	Wholesale cents
Gallons, bulk .....	---	26
Quarts .....	9	8
Pints .....	5	4.5
Half Pints .....	---	2.5

Cream - 18-22 per cent butterfat

Gallons .....	---	70
Quarts .....	24	22
Pints .....	14	13
Half Pints .....	9	8

Cream - 23-30 per cent butterfat

Gallons .....	---	90
Quarts .....	30	28
Pints .....	17	16
Half Pints .....	10	9

Cream - 31 per cent or more butterfat

Gallons .....	---	115
Quarts .....	37	34
Pints .....	21	19
Half Pints .....	12	11

\* Milk testing less than 4 per cent butterfat may be sold at one (1) cent less per quart.

2. The foregoing price schedule is without prejudice to the right of any distributor who asserts that such minimum prices are in excess of the prices necessary to accomplish the purposes set forth in paragraph 1 of this Exhibit, to a hearing on the question of a modification or amendment of this Agreement.

3. The foregoing minimum prices shall not be applicable to any sales to any public unemployment relief agency (either local, state, or Federal), to any private unemployment relief agency cooperating with or accredited by any such public unemployment relief agency, to any charitable institution or agency, to any hospital in connection with its charitable operations, or to any government agency (either local, state, or Federal) when purchasing upon competitive bids.

4. No distributor, or its officers, employees, or agents, shall employ any method or device whereby any article is sold or offered for sale at below the foregoing minimum prices, whether by discount, rebate, redeemable certificate, stamps or tickets, free services or merchandise credit for articles returned, loans or credit outside the usual course of business, or combining prices for such articles together with another commodity sold, or by subsidy given for business or assistance in procuring business.

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED  
MARKETING AGREEMENT FOR MILK  
LEXINGTON, KENTUCKY, SALES AREA

SUBMITTED BY:  
J. H. MASON, CHIEF, DAIRY SECTION

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The Chief Hearing Clerk, Department of Agriculture, does hereby certify that this is a true and correct copy of the Marketing Agreement for Lexington, Kentucky, Milk Sales Area delivered to this office by J. H. Mason, Chief, Dairy Section.

Chief Hearing Clerk,  
5428 South Building,  
Department of Agriculture.

